

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3111 – SB 3647

April 12, 2012

**SUMMARY OF AMENDMENTS (016261, 015473):** Deletes all language after the enacting clause. Creates the *Doe Mountain Recreation Authority Act of 2012*. Requires the *Authority* to file its business charter with the Secretary of State, and requires such appropriate records be filed with the Johnson County register of deeds' office. Creates a 15-member board to govern the *Authority*. The *Authority* holds the power to perform the following functions: adopt a seal; enter into contracts; purchase, hold, sell and convey land and personal property; make improvements to land including the construction of facilities, projects, park areas, drainage works, recreational facilities, and improvements; issue bonds at the board's discretion, and make payments on such obligations from revenue collected, grants or contributions received; advertise land governed by the *Authority*, in and out of the state; and establish, charge, and collect user fees. The *Authority* is required to establish bylaws, rules, and regulations for governance of the *Authority*; set the amount of any fees; administer any monies collected and use such monies to defray expenses; and keep a public record of the *Authority's* proceedings. Prohibits the *Authority* from exercising the power of eminent domain. Requires an annual audit be performed of the *Authority* and such audit be in accordance with standards prescribed by the Comptroller. Provides that any sale or disposal of land must have the approval of the State Funding Board. Upon repayment of any and all obligations of the *Authority*, such *Authority* will dissolve and its funds and properties will transfer to the state's possession.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

**Other Fiscal Impact –** In the formative years of the *Authority*, there could be significant additional costs to state and local governments dependent upon the extent of any future appropriations and contributions made by governmental entities to the *Authority* for purposes consistent with economically developing the Doe Mountain area, and dependent upon any specific contractual agreements entered into by governmental entities and the *Authority*.

HB 3111 – SB 3647

**Secondary economic impacts may also occur as a result of this bill as amended. There could be significant increases in state and local revenue in the future if an increased business presence and an increased tourism presence develops as a result of future economic development. In addition, there could be significant increases in state and local expenditures if the demand for governmental programs and infrastructure increase as a result of an increased business and tourism presence.**

**Due to numerous unknown variables, precise estimates of the fiscal impacts to state and local governments cannot be reasonably quantified.**


Assumptions applied to amendments:

- The fiscal impact of this bill as amended is partly dependent upon unknown factors including, but not limited to, the extent of bond issuances underwritten, the extent of principal debt issued, the extent of bond interest payable and bond terms, the extent of land acquisitions and prices paid for any such acquisitions, the extent of development and capitol improvements made to any acquired land, the extent to which contracts are utilized by the *Authority*, and the extent of fee revenue subsequently generated in newly developed areas.
- The fiscal impact of this bill as amended to state government is partly dependent upon the extent of future appropriated contributions from the state to the *Authority* pursuant to the proposed section of law codified in this bill as amended as Tenn. Code Ann. § 11-27-107(a)(13).
- The Department of Environment and Conservation, the Division of Forestry, the Tennessee Wildlife Resources Agency, and other state agencies could incur additional expenditures in the future if the *Authority* enters into contractual agreements with such state agencies pursuant to the proposed section of law codified in this bill as amended as Tenn. Code Ann. § 11-27-107(a)(20).
- The fiscal impact of this bill as amended to local government is dependent upon future contributions from any local government entity to the *Authority* pursuant to the proposed section of law codified in this bill as amended as Tenn. Code Ann. § 11-27-107(a)(13).
- Local governments could incur additional expenditures in the future if the *Authority* enters into contractual agreements with a local government entity pursuant to the proposed section of law codified in this bill as amended as Tenn. Code Ann. § 11-27-107(a)(20).
- There could be subsequent increases in state and local government revenue and expenditures due to secondary economic impacts prompted by passage of this bill as amended. Increases in revenue may occur if an increased business presence and an increased tourism presence develops as a result of future economic development. Increases in expenditures may occur if the demand for governmental programs and infrastructure increase as a result of an increased business and tourism presence. Due to the extent of unknown factors, such as the timing of development, new businesses, and additional tourism, the fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

- Any increase in state expenditures for the Comptroller to perform an audit of the *Authority*, or for any required approvals of the State Funding Board, is estimated to be not significant and can be accommodated within existing resources without an increased appropriation or a reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jdb